

Funding Fire Protection/EMS Services

Agriculture & Forestry Awareness Study Commission

December 12, 2018

S.L. 2018-113,
Section 8(a)(2)

*The advisability of excluding
property enrolled in present
use value taxation from rural
fire protection district and
county service district taxes.*



Service



Funding



Exemption for PUV
Property

Providing Fire Protection Services

Counties do not have to provide fire protection services.

Fire Protection Services Vary

- No statutory obligation or responsibility to provide fire protection
- Types and levels of service vary significantly across counties
- No duty of equal service to all properties or citizens within a unit
 - A county may choose to provide fire service in some areas of the county, and not in others.
 - A county may choose to provide a higher level of fire service in some areas than in others.
- Cannot deny service to exempt properties simply b/c they do not pay taxes

Funding Fire Protection Services

All counties provide some level of fire protection services.

Funding Sources

- Revenue raising mechanism must derive specifically from the General Assembly
- Authorized revenue raising mechanisms to fund fire services
 - General property tax
 - Special tax districts
 - Chapter 69: rural fire protection districts
 - **Chapter 153A: county fire service districts (often includes EMS services)**
 - Local authority to impose fees for fire/EMS services (2 counties)

Property Taxes

General Property Tax

- Present use value program for qualifying farmland
 - Special class of property
 - Assessed value lower than its FMV
- Provides funding for a myriad of county services
- County-wide property tax rate

Special District Property Tax

- Follows the general property tax
- Provides additional funding in defined area
- Separate property tax rate
 - Article 69 – Maximum tax rate of \$0.15 per \$100 valuation
 - Article 153A – Subject to the general aggregate property tax limit of \$1.50 per \$100 valuation

Fire Fees

- Two Counties
 - Union County, S.L. 1991-883
 - Brunswick County, S.L. 1999-323
- Imposed on owners of all real property that benefits from the availability of fire protection/EMS services
- May include property exempt from property tax
- May not include personal property
- Fee Schedule
 - Single-family dwelling
 - Unimproved land
 - Animal production or horticultural operation
 - Commercial facility
 - Multi-family dwelling
 - Any other class of property

Taxes v. Fees

Taxes

- Compulsory charge levied on people or property
- Need not bear any relation to the benefit received
- Property tax must be uniformly applied

Fees

- Assessed on individuals or property
- Bears a direct relation to the benefit received
- Amounts may vary

Policy Question

The advisability of excluding property enrolled in present use value taxation from rural fire protection district and county service district taxes.

How Much should Farmland Contribute to the Funding of Fire Protection/EMS Services?

- Farmland contributes to funding at a lower level than other properties, via the PUV program
- Should farmland be excluded from funding fire protection/EMS services via the special district taxes?
- Are there alternatives, other than special district taxes, to fund fire protection/EMS services?

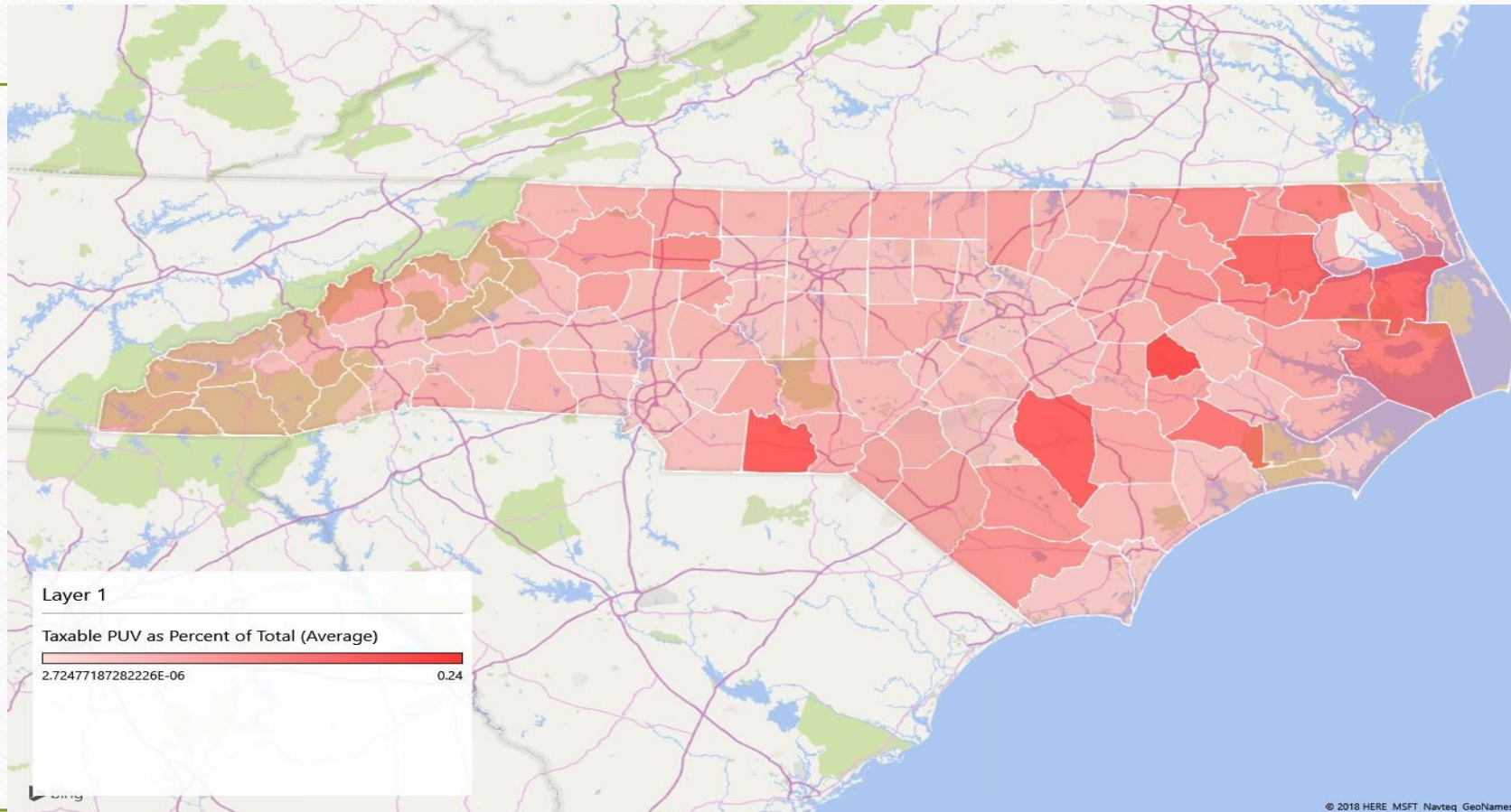


What would be the Impact of Exempting Farmland from Special District Taxes?

- Statewide impact of \$17 - \$25 million
 - Based on property in PUV and tax rate range of 10€ and 15€
 - Also assumes all PUV property is located within a tax district.
- Would vary greatly between counties based on:
 - PUV acreage
 - Types of PUV (Forestland, Agriculture, Horticulture)
 - Value (varies based on use and soil type)
 - Fire district area and tax rates

County Impacts

Taxable PUV as percent of Total Taxable Real Property



County Level Impacts

Anson County

- Total Taxable Value = \$1.9 billion
- Total PUV = \$250,005,300 (13.2% of tax value)
- Total PUV Fire Taxes = \$240,005

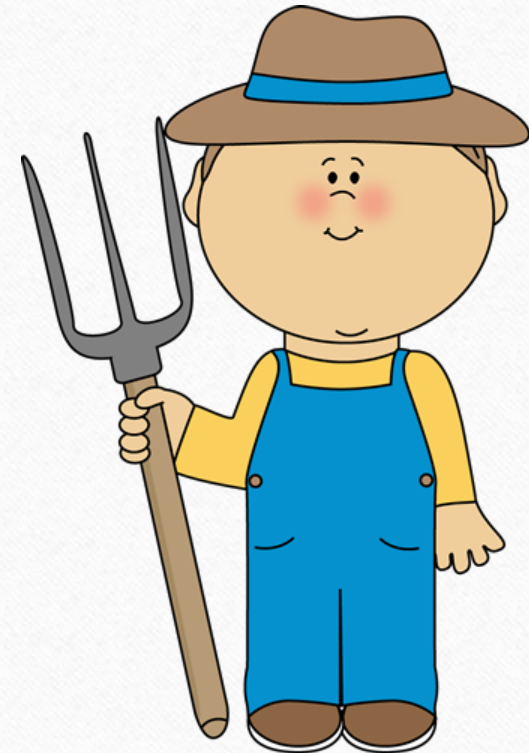
Wake County

- Total Taxable Value = \$144 billion
- Total PUV = \$349,664,144 (0.2% of tax value)
- Total PUV Fire Taxes = \$335,678

What would be the Savings to the Property Owner of Exempting Farmland from Special District Taxes?

Special district fire tax levied on 93 acre Ag parcel

- Land Assessed: \$266,470
- PUV Deferral: \$177,570
- Taxable Value: \$88,900 (\$950 per acre)
- Fire Tax (Based on 10 cents per \$100) = \$88.90



Alternative to Special Tax Districts: Fire Fees

- Allow all counties to adopt a fee schedule to provide additional funding for fire protection/EMS services
- Fees do not need to be based on property value
- Fees do not need to be the same for different classifications of property
- Fees may apply to properties that are exempt from property taxes
- Fees will shift the cost of providing fire protection services

Funding Fire Protection & EMS Services

Cindy Avrette
Legislative Analysis Division

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Rodney Bizzell
Fiscal Research Division

